

Message Text

CONFIDENTIAL

PAGE 01 TURIN 00301 01 OF 03 231251Z
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
-----057422 231253Z /53

R 230844Z JUN 77
FM AMCONSUL TURIN
TO SECSTATE WASHDC 0731
AMEMBASSY ROME
INFO AMCONSUL GENOA
AMCONSUL MILAN

C O N F I D E N T I A L SECTION 1 OF 3 TURIN 0301

EXDIS

E.O. 11652: XGDS 3, DECLAS 12/31/90
TAGES: EGEN, ECIN, EIND, ENRG, PINT, IT
SUBJECT: VIEWS OF SEN. UMBERTO AGNELLI AND FIAT EXECUTIVES

1. SUMMARY. SEN. UMBERTO AGNELLI AND TOP-LEVEL FIAT EXECUTIVES EXPRESSED TO ME DURING LUNCHEON AT FIAT, INTER ALIA: CONCERN RE U.S. ENGERGY POLICIES AND TOUGH COMPETITION IN TRUCK MARKET IN EUROPE, DESIRE TO TAKE OVER FAIRLY SOON COGNE STEEL PLANT WHICH RECENT PUT UNDER I.R.I. CONTROL, AND THEIR BELIEF THAT TIMING WAS RIGHT NOW FOR LEADING ITALIAN INDUSTRIALISTS TO SPEAK OUT MORE OPENLY AND FORCEFULLY AND PUSH GOVERNMENT (DC) INTO TAKING MORE RESOLUTE STAND VIS-A-VIS PCI. PRIVATELY, SEN. AGENLLI EXPRESSED VIEW THAT GOI NEEDED STRONGER LEADER THAN ANDREOTTI, AND SOON. IN BRIEF MEETING WITH FIAT PRES.VVM AVV. GIANNI AGNELLI, HE WARMLY APPLAUDED KISSINGER "EUROCOMMUNISM" SPEECH AND SAID SUCH REMARKS MUCH APPRECIATED AND CAME AT RIGHT MOMENT. END SUMMARY.

2. FIAT VICE-PRESIDENT SENATOR UMBERTO AGNELLI INVITED ME TO LUNCH JUNE 20 AT FIAT AFTER WE HAD MET AT JUNE 14 DINNER FOR FOREIGN TRADE MINISTER OSSOLA AT HOME OF ING. GIUSEPPE RECCHI, HEAD OF A LEADING TURIN-BASED CONSTRUCTION FIRM WHICH HAS MANY OVERSEAS
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TURIN 00301 01 OF 03 231251Z

PROJECTS. WHEN I MET AGNELLI AT FIAT, CESARE ROMITI, FIAT MANAGING DIRECTOR, WAS WITH HIM AND THEN FIAT PRES.AVV. GIANNI AGNELLI JOINED US. HE COMMENTED WARMLY ON KISSINGER'S EUROCOMMUNISM SEMINAR SPEECH, SAYING IT WAS VERY NECESSARY AND MUCH NEEDED MESSAGE AT THIS DELICATE JUNCTURE. HE SAID HE HAD READ FULL TEXT AND APPLAUDED DECISION OF DEPT TO TRANSMIT FULL TEXT TO POSTS AROUND THE WORLD. AVV. AGNELLI SAID HE WOULD LIKE TO

HEAR MORE ABOUT THIS WASHINGTON SEMINAR AND I PROMISED TO SEE WHAT I COULD DO IN THIS REGARD. TURNING TO UMBERTO, GIANNI MADE SURE HE WAS IN THE BUILDING AS GIANNI HAD TO GO OUT. (I THOUGHT TO MYSELF: SOMEONE TO WATCH THE STORE...OR TAKE ANY CALLS FROM PARIS GIVEN CONTINUING CASE THERE OF KIDNAPPED FIAT DIRECTOR FOR FRANCE.)

3. IN ADDITION TO SEN. AGNELLI, ROMITI AND MYSELF, ALSO AT THE LUNCHEON WERE: ING. BRUNO BECCARIA, MANAGING DIRECTOR OF FIAT'S TRUCK SECTOR, I.V.E.C.O.; ING. FERDINANDO PALLAZO, IN CHARGE OF FIAT'S SPECIAL STEEL SECTOR; ING. FRANCO DE BENEDETTI, BROTHER OF CARLO AND IN CHARGE OF FIAT'S SPARE PARTS SECTOR; AND AVV. LUCA DI MONTEZEMOLO, FIAT PUBLIC REALTIONS DIRECTOR. SOME OF MORE SIGNIFICANT POINTS THAT CAME OUT OF LUNCHEON WERE (FULL MEMCON POUCHED VIA MILAN 6/23):

A. POLITICS: DURING LUNCHEON, WE REALLY DID NOT TOUCH ON POLITICAL MATTERS AS AGNELLI SEEMED TO PREFER IT THAT WAY (NOR DID LABOR PROBLEMS COME UP IN ANY SPECIFIC WAY). ALONE WITH HIM IN ELEVATOR AND WHEN HE DROVE ME TO CONSULATE--UNESCORTED IN COMMONPLACE RENAULT (INTERESTING SECURITY TECHNIQUE DETAILED IN MEMCON), AGNELLI IN RESPONSE TO MY QUESTIONS SAID: 1) ANDRE-OTTI SHOULD BE REPLACED SOON BY STRONGER MAN, BUT HE WAS UNWILLING TO BE DRAWN OUT ON HIS (AGNELLI'S) CHOICE); 2) ON. (DC) LUIGI ROSSI DI MONTELERA'S "WEEKEND RETREAT" JUNE 19 AFTER HIS SERIOUS SETBACK AT RECENT LOCAL DC CONGRESS WAS "A SAD DEMONSTRATION." CONFIDENTIAL

CONFIDENTIAL

PAGE 03 TURIN 00301 01 OF 03 231251Z

AGNELLI SAID MONTELERA WAS BRIGHT, BUT LACKED POLITICAL SENSE AND MISTAKENLY STILL BELIEVED HIS 150,000 PREFERENTIAL VOTES IN JUNE 76 ELECTION COUNTED FOR POLITICAL STRENGTH; 3) AGNELLI ASKED WHICH POLITICAL FIGURES I HAD MET IN TURIN, AND AFTER HEARING MY LISTING FROM LEFT TO RIGHT, ASKED IF I HAD MET ADALBERTO MINUCCI, UNTIL VERY RECENTLY PCI REGIONAL SECRETARY, OR HIS REPLACEMENT, BRUNO FERRERO. I SAID NO, ADDING THAT WHILE I DO CALL ON PCI FIGURES IN THEIR OFFICIAL CAPACITIES AS MAYORS, PROVINCIAL PRESIDENTS AND THE LIKE, I DO NOT CALL ON PARTY OFFICIALS OF PCI. AGNELLI HAD NO COMMENT AND ONLY NODDED IN AGREEMENT.

B. ANTI-P.C.I. ACTIVITIES: I EXPRESSED TO GROUP MY IMPRESSION THAT LEADING ITALIAN INDUSTRIALISTS SEEMED TO BE SPEAKING OUT MORE OPENLY AND FORCEFULLY IN PAST TWO MONTHS IN TURIN, E.G., TWO SPEECHES BY AVV. AGNELLI, JUNE 17 COMMENTS AT FONDAZIONE AGNELLI BY SEN. AGNELLI AND CONFINDUSTRIA HEAD GUIDO CARLI, UNIONE INDUSTRIALE (U-I) PRES. BENADI'S AND AVV. AGNELLI AT RECENT U-I ANNUAL MEETING. AGNELLI EMPHATICALLY AGREED AND SAID THEY WERE TRYING TO PUCH GOVERNMENT (DC) INTO TAKING MORE RESOLUTE STAND VIS--VIS PCI AND THAT NOW WAS THE TIME TO SPEAK OUT. HE ADDED THAT SUCH COMMENTS WERE GETTING MORE "SPACE"

IN ITALIAN MEDIA IN PAST FEW MONTHS AND CONCLUDED THAT GOVERNMENT NEEDED PUSHING TO GET OVER CURRENT LENGTHY NEGOTIATIONS.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 TURIN 00301 02 OF 03 231302Z
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
-----057538 231305Z /53

R 230844Z JUN 77
FM AMCONSUL TURIN
TO SECSTATE WASHDC 0732
AMEMBASSY ROME
INFO AMCONSUL GENOA
AMCONSUL MILAN

C O N F I D E N T I A L SECTION 2 OF 3 TURIN 0301

EXDIS

C. ENERGY: DE BENEDETTI EXPRESSED CONSIDERABLE CONCERN OVER U.S. ENERGY POLICY, PARTICULARLY IN NUCLEAR FIELD, AS HE WAS FEARFUL OUR POLICY WOULD WOULD NOT TAKE ADEQUATELY INTO ACCOUNT NEEDS OF COUNTRIES SUCH AS ITALY. I ASSURED HIM THIS WAS NOT THE CASE, CITED POINTS MADE IN AMBASSADOR'S MAY 18 ENERGY SPEECH IN TURIN AND OBTAINED AGNELLI'S AGREEMENT THAT INITIAL ANNOUNCEMENT OF OUR ENERGY GOALS AND HOW THEY MIGHT AFFECT OTHER COUNTRIES WAS A MATTER FOR FURTHER STUDY AND POSSIBLY BILATERAL CONSULATATIONS.

D. ATTITUDE TOWARD UNITED EUROPE: BECCARIA (WHO WAS AT LEAST 12 YEARS SENIOR TO ANYONE ELSE AT LUNCHEON) COMPLAINED BITTERLY ABOUT U.S. COMPETITION IN EUROPEAN MARKET; JUST WHEN EUROPEAN MANUFACTURERS "GETTING ON THEIR FEET" IN UNIFIED SENSE (I.V.E.C.O. IS AN ITALY, GERMAN AND FRENCH GROUPING) AND IN MORE UNITED EUROPEAN MARKET, GM COMES IN BIG AND STRONG. THIS WILL ONLY HURT EUROPEAN MANUFACTURERS AND WILL LEAD TO NATIONALIZATION FOR EVENTUALLY TROUBLED FIRMS SUCH AS FIAT AND THIS WAS NOT IN U.S. INTERESTS. IMPLICATION WAS THAT USG WAS ASSISTING FIRMS SUCH AS GM AND USG SHOULD REALIZE DETRIMENTAL RESULTS AND REIN IN SUCH AMERICAN COMPETITORS. I REPLIED TO BECCARIA WITH ACCOUNT OF NEW ADMINISTRATION'S EFFORTS IN SUPPORT
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TURIN 00301 02 OF 03 231302Z

OF STRONG AND UNITED EUROPE AND NOTED DIFFERENCE BETWEEN FOREIGN POLICY GOAL OF GOVERNMENT AND ACTS OF PRIVATE, COMPETITIVE AMERICAN COMPANIES. FURTHER, I EXPRESSED SERIOUS DOUBT THAT FIAT WOULD ALLOW ITSELF TO REACH POINT WHERE IT WOULD BE NATIONALIZED--UNLESS FIAT ITSELF SO DESIRED. AGNELLI INTERVENED BASICALLY ON MY SIDE, NOTING PROFIT-MAKING PHILOSOPHY OF FIRM SUCH AS GM OR FIAT AND THAT COMPETITION IS FACT OF LIFE. AGNELLI HAD NO COMPLAINTS CONCERNING CARTER ADMINISTRATION'S EFFORTS VIS-A-VIS EUROPE.

E. INTERNAZIONALE HOLDING FIAT (IHF), S.A., LUGANO:
SINCE THIS LINE ITEM IN JUST-PUBLISHED 1976 FULL 113-PAPGE ANNUAL REPORT OF FIAT SHOWS "BALANCE SHEET EVALUATION" OF LIRE 172 BILLION OUT OF TOTAL FOR FIAT OF LIRE 508 BILLION, I ASKED ABOUT IHF'S ROLE. ROMITI AND AGNELLI EXPLAINED IHF WAS CREATED BECAUSE IT WAS ONLY WAY FIAT COULD OPERATE ON INTERNATIONAL SCALE. IHF, UNDER CONTROL OF FIAT/TORINO, WITH 8 PERSON STAFF ACTS AS CLEARING POINT FOR OPERATIONS ABROAD AND FOR POINT FOR FUNDS RAISED ON INTERNATIONAL FINANCIAL MARKET, TAKING IN AND PAYING OUT FUNDS RELATED TO OVERSEAS OPERATIONS. WHEN I NOTED ITALIAN SENSITIVITIES TO FIAT INVESTMENTS OUTSIDE ITALY, ROMITI POINTED TO STRONG LEVEL OF INVESTMENTS IN ITALY AND FACT THAT IFH WAS CONTROLLED 100 PERCENT BY FIAT IN ITALY; SHOULD FIAT BE NATIONALIZED (THIS WAS PURELY HYPOTHETICAL, ROMITI UNDERLINED), THEN IFH ALSO WOULD BE NATIONALIZED.

F. STEEL SECTOR: PALAZZO, IN RESPONSE TO MY QUESTION, SAID DEMISE OF EGAM AND TAKEOVER OF COGNE STEEL WORKS (BY FAR AOSTA REGION'S LARGEST EMPLOYER) BY IRI WAS GOOD MOVE AS IRI WOULD CLEAN UP MANAGEMENT OF THIS TROUBLED FIRM AND WOULD ACT AS "PONTE" (BRIDGE) FOR EVENTUAL FIAT TAKEOVER "WHEN THEY GIVE IT TO US." (THIS MAY HAVE BEEN SLIP AS ROMITI IMMEDIATELY CONFIDENTIAL

CONFIDENTIAL

PAGE 03 TURIN 00301 02 OF 03 231302Z

INTERVENED TO EMPHASIZE RISKS FIAT WOULD FACE IN TAKING OVER COGNE.) THERE WERE SEVERAL COMMENTS, ALL NEGATIVE, RE BRUNO MILANESIO (PSI), AOSTA REGIONAL ASSESSORE NOW IN HEADLINES BECAUSE OF OFFICIAL CHARGES RE VARIOUS MISDEEDS. FIAT OFFICIALS SAID THEY HAD FORESEEN PRESENT SCANDAL THREE MONTHS AGO WHEN MILANESIO WAS PROPOSED AS NEW HEAD OF COGNE PLANT, A PROPOSAL WHICH FAILED GIVEN HIS "RECORD" GOING BACK TO 1973.

4. COMMENTS:

A. SE. AGNELLI IS MUCH LESS TENSE THAN HIS OLDER BROTHER, WHOM HE REFERS TO AS "L'AVVOCATO," NOT GIANNI OR "MIO FRATELLO."

HIS ENGLISH IS NOT AS PRACTICED AS GIANNI'S AND HE MUCH PREFERS ITALIAN IN WHICH WE SPOKE DURING OUR ENTIRE TIME TOGETHER. AT ONE POINT, HE DEMONSTRATED A THIN SKIN AS REGARDS PRESS ATTACKS ON HIM, ALTHOUGH HE LATER NOTED HE HAD FOUND CESARE ROCCATI'S NEW BOOK, "UMBERTO AND COMPANY," INTERESTING AND "AMUSING." HE WAS THE OBVIOUS LEADER OF LUNCHEON GROUP AND DEMONSTRATED DETAILED AND IMPRESSIVE KNOWLEDGE OF FIAT'S VERY WIDESPREAD ACTIVITIES (ALTHOUGH NOT WITH ROBERT MCNAMARA TYPE OF RAPID-FIRE RESPONSE THA ROMITI CAN GIVE). WE WILL BE SEEING EACH OTHER AGIN AS WE ASSIST IN VISA PROCESSING FOR HIS 13-YEAR OLD SON (GIANNI) WHO WILL BEGIN STUDIES IN GEORGIA THIS COMING SEPTEMBER. (WE ALSO ASSISTING AVV. AGNELLI'S SON EDOARDO WITH A CITIZENSHIP MATTER; MRS. AGNELLI TOLD ME JUNE 21 EDOARDO WON'T RETURN TO TURIN UNTIL MID-AUGUST AS HE HAS TO TAKE MAKE-UP COUNRSES AT PRINCETON; WE WILL FILL OUT REQUIRED DOCUMENTATION IN CONSULATE THEN.)

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 TURIN 00301 03 OF 03 231301Z
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
-----057554 231303Z /53

R 230844Z JUN 77
FM AMCONSUL TURIN
TO SECSTATE WASHDC 0733
AMEMBASSY ROME
INFO AMCONSUL GENOA
AMCONSUL MILAN

C O N F I D E N T I A L SECTION 3 OF 3 TURIN 0301

EXDIS

B. OF OTHERS AT LUNCHEON, DE BENEDETTI WAS MOST IMPRESSIVE AND SEEMED TO IMPRESS AGNELLI WITH HIS COMMENTS. BECCARIA STRUCK ME AS "OLD GUARD," ALTHOUGH HE APPARENTLY WAS NOT INVOLVED IN CARLO DE BENEDETTI AFFAIR LAST FALL. WHILE HE "PUSHED" AGNELLI SEVERAL TIMES, HE QUICKLY BACKED DOWN WHEN HE CAUTH TURN OF AGNELLI'S THINKING.

C. GENERAL IMPRESSIONONE RECEIVED FROM SUCH "EXECUTIVE SEMINAR" WAS THAT FIAT IS AGGRESSIVELY BUILDING ON COMPLETE MANAGEMENT AND CORPORATE REORGANIZATION UNDERTAKEN OVER PAST YEAR AND NOW ABOUT COMPLETED AND THAT THIS GIANT COMPANY

WANTS TO RETAIN STRONG MULTINATIONAL ROLE WHILE AT SAME TIME
PROTECT ITS ECONOMIC AND POLITICAL ROOTS IN ITALY. PERIOD OF
"BODY WITHOUT BRAIN" WIDELY DISCUSSED AFTER CARLO DE BENEDETTI'S
OUSTER LAST FALL PAPPEARS TO BE OVER, TOP-LEVEL MANAGEMENT HAS
SUCCESSFULLY ALMOST COMPLETED ITS SHAKEDOWN CRUSIE, AND FINALLY
(UNLESS I AM TOTALLY MISTKEN) BOTH AVV. AGNELLI AND SEN. AGNELLI
ARE FIRMLY IN COMMAND AND HAVE NO INTENTION OF ABANDONING OR
LESSENING THEIR INTEREST AND LEADERSHIP IN ITALY'S LARGEST
PRIVATE COMPANY. WRIGHT

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PERSONAL OPINION, POLICIES, AUTOMOTIVE INDUSTRY, IMPORT CONTROLS
Control Number: n/a
Copy: SINGLE
Sent Date: 23-Jun-1977 12:00:00 am
Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977TURIN00301
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: X3 19901231
Errors: N/A
Expiration:
Film Number: D770224-0783
Format: TEL
From: TURIN
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770625/aaaaavpc.tel
Line Count: 286
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 40f5ce77-c288-dd11-92da-001cc4696bcc
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 18-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2052400
Secure: OPEN
Status: NATIVE
Subject: VIEWS OF SEN. UMBERTO AGNELLI AND FIAT EXECUTIVES
TAGS: EGEN, ECIN, EIND, ENRG, PINT, IT, US, (AGNELLI, UMBERTO)
To: STATE ROME
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/40f5ce77-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009